



C R U S A P

CRITICAL REVIEW OF THE U.S. ACTUARIAL PROFESSION

May 2006 Progress Report

What is CRUSAP and Why Has It Been Undertaken?

- Critical Review of the U.S. Actuarial Profession
- Catalyzed by the Sir Derek Morris Review of the UK Actuarial Profession
- Perceived Need to Determine Whether the Actuarial Needs of the Public Are Being Met

What is CRUSAP and Why Has It Been Undertaken? (continued)

Evidence of the Perceived Need:

- Globalization
- U.S. Accounting Malfeasance
- Shifts in the Nature of Retirement Plans
- Changes in the Financing of Health Insurance
- Emergence of New Fields of Practice for Actuaries

When was CRUSAP Begun and by Whom?

- A Presidential Task Force of the Academy
- Established at the May 2005 Meeting of the Board of Directors of the American Academy of Actuaries
- The Academy Board of Directors Includes the Academy President and President-Elect, and Presidents and Presidents-Elect of the other Four U.S.-based Actuarial Organizations:
 - American Society of Pension Professionals and Actuaries (ASPPA)
 - Casualty Actuarial Society (CAS)
 - Conference of Consulting Actuaries (CCA)
 - Society of Actuaries (SOA)

What Is Included in the CRUSAP Scope?

- Actuarial Needs of the Public (with the definitions of each of the three terms an important component of the CRUSAP study process)
- Education and Training (including the qualifications process)
- Ethics and Professionalism (the professional code, the Actuarial Standards Board (ASB), and more)

What Is Included in the CRUSAP Scope? (continued)

- Oversight and Regulation (internal and external, the Actuarial Board for Counseling and Discipline (ABCD), and more)
- Actuarial Communications (conveying uncertainty without undermining confidence)
- Structure of the Actuarial Profession (Are we right or wrong in the United States to have multiple organizations?)

Who Bears the Responsibility for CRUSAP Work?

- **Task Force** of Seven Actuaries:

Fred Kilbourne, Chairman

Bob Collett

Ken Kent

Guy King

Jim Rech

Jack Turnquist

Terri Vaughan

- All are members of the Academy and SOA. Some are members of ASPPA, CAS, and CCA.
- Members include five past or present presidents of national actuarial organizations.
- Several members are consultants, one is an educator, and another is a former government actuary.

Who Bears Responsibility for CRUSAP Work? (continued)

- The Executive Director of the Academy, Kevin Cronin, is actively involved with the Task Force.
- A Full-time Project Manager, Mindy Reiser, is engaged for the duration of CRUSAP.

The CRUSAP Advisory Panel

- Thirty individuals, 26 men and four women, serve as advisors to the Task Force.
- Twelve, 40 percent, of these are not actuaries (see next slide).
- Practice Areas of the **Actuaries** on the Advisory Panel:
 - Casualty (4)
 - Pension (4)
 - Life (1)
 - Health (2)
 - Social Insurance (3)
 - Investment (1)
 - Professors of Actuarial Science (3)

The CRUSAP Advisory Panel (continued)

- Professional Backgrounds of the **Non-Actuaries** on the Panel:
 - Deputy Commissioner, U.S. Social Security Administration
 - State Insurance Commissioner
 - Head of a Public Retirement System
 - Vice President, Health Policy/Government Affairs, Major U.S. Corporation.
 - Executive Director, a Private Health Alliance

The CRUSAP Advisory Panel (continued)

- Professional Backgrounds of the **Non-Actuaries** on the Advisory Panel (continued):
 - Health Economist
 - Attorney, Specializes in Defense of Actuaries
 - President, Financial Services Subsidiary of a Major Insurer
 - Senior Financial Services Markets Specialist for a Federal Reserve Bank
 - Two Professors of Insurance and Risk Management
 - Chief Regulator of UK Actuaries (due to the Morris Review)

What Has Been Accomplished So Far?

- Established the Task Force and Advisory Panel
- Hired the Project Manager and launched the Web site, <http://www.crusap.net/>
- Developed a Web-based survey with separate questionnaires for actuaries and non-actuaries
- Collected more than 1,400 survey responses through the CRUSAP Web site (approximately 95 percent of respondents were actuaries)
- Conducted more than 50 in-depth interviews of selected individuals
- Organized a focus group with actuarial science students at Drake University, Des Moines, IA, and a dialogue with actuarial science students at the University of Michigan

What Has Been Accomplished So Far? (continued)

- Gathered actuarial and other literature with a bearing on the project
- Conducted nearly two dozen Task Force meetings, all but two by conference calls
- Made considerable progress on the analysis and report phases of the project (more detail to follow)
- Gave CRUSAP presentations to actuarial organizations including CAS, CCA, the North American Actuarial Council (NAAC), Cincinnati Actuarial Club, and the Michigan Actuarial Society
- Prepared Presented CRUSAP progress reports, which are available on the CRUSAP Web site

The CRUSAP Report

- For each the areas within the report scope, one Task Force member has primary responsibility, with a second member serving as initial reviewer and critic. Their responsibilities are the following:
 - **Bob Collett** – Lead analyst for **Actuarial Needs of the Public (Section I)**, seconded by Guy King
 - **Jim Rech** – Lead analyst for **Education and Training (Section II)**, seconded by Terri Vaughan
 - **Ken Kent** – Lead analyst for **Ethics and Professionalism (Section III)**, seconded by Jack Turnquist

The CRUSAP Report (continued)

- **Terri Vaughan** – Lead analyst for **Oversight and Regulation (Section IV)**, seconded by Ken Kent
- **Jack Turnquist** – Lead analyst for **Actuarial Communications (Section V)**, seconded by Jim Rech
- **Guy King** – Lead analyst for **Structure of the Profession (Section VI)**, seconded by Bob Collett
- **Fred Kilbourne** will prepare the Executive Summary and, along with the Project Manager, serve as editor.

What Is Planned Ahead, and When?

- Continued analysis of all available information in the areas of interest to CRUSAP
- Discussions and seeking consensus and conclusions on project issues
- Writing, reviewing, and rewriting a preliminary draft report
- Discussing the preliminary draft report at a meeting with the leadership of the actuarial organizations (summer 2006)
- Preparing and presenting a draft report for all to see and comment upon (early fall 2006)
- Reconsider, rethink, reaffirm, regroup, reevaluate, revise, report (fall 2006)
- Prepare and present the CRUSAP final report (late fall 2006)

What Is the Desired Result?

- Report Acceptance (Based on Supported Conclusions and Feasible Recommendations)
- Endorsement by the Actuarial Organizations of the Recommendations in the Report
- Success by Actuaries in Identifying and Meeting the Actuarial Needs of the Public



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